

Local Plan Consultation
Bath & North East Somerset Council
Manvers Street
Bath
BA11JG

8th October 2021

Dear Sir / Madam

BATH & NORTH EAST SOMERSET (BANES) LOCAL PLAN PARTIAL UPDATE (LPPU) PRE-SUBMISSION CONSULTATION

Introduction

Thank you for consulting with the Home Builders Federation (HBF) on the above-mentioned consultation. The HBF is the principal representative body of the house-building industry in England and Wales. Our representations reflect the views of our membership, which includes multi-national PLC's, regional developers and small, local builders. In any one year, our members account for over 80% of all new "for sale" market housing built in England and Wales as well as a large proportion of newly built affordable housing. The following HBF representations and requests to attend future Examination Hearing Sessions have been submitted using the Council's on-line consultation forms.

Partial Review

To be effective Local Plans must be kept up to date, as set out in HBF responses to the Commencement Document consultation (ended on 1 June 2020) and the Options consultation (ended on 18 February 2021), the HBF do not support the LPPU and instead consider that a full Local Plan Review (LPR) should have been undertaken.

The West of England (WoE) Joint Spatial Plan (JSP) was formally withdrawn from examination on 7 April 2020. Nevertheless, the authorities of Bristol City, BANES, South Gloucestershire & North Somerset and WoE Combined Authority remain committed to working together on strategic planning policies for the sub-region. The preparation of a Spatial Development Strategy (SDS) for the period 2020 – 2040 has commenced, which is expected to cover strategic planning priorities including a response to climate change emergency declarations, a spatial vision, a spatial strategy on the broad pattern of housing / employment development & infrastructure, housing & jobs requirements and any other thematic policies such as affordable housing. It is not clear if the BANES LPPU will align with these proposals for the SDS as well as complying with parallel working between Local Plans under the Duty to Co-operate. By preparing the LPPU ahead of the adoption of the SDS, the Council will not be accounting for any unmet housing needs from Bristol up to 2029 under the Duty to Co-operate nor any applicable Growth Deal uplifts to the standard



methodology for calculating Local Housing Needs. It is noted that all other WoE Councils are pursuing full rather than partial LPRs, which are co-ordinated with SDS preparation and include extended plan periods. The BANES LPPU should not result in any delay to the preparation of the full LPR.

Under Regulation 10A of the Town and Country Planning (Local Planning) (England) Regulations 2012, it is a legal requirement for all Local Plans to be reviewed at least every five years (2021 National Planning Policy Framework (NPPF) Footnote 20). The BANES Core Strategy (CS) is more than five years old because it was adopted in July 2014. Indeed, adopted **Policy DW1** refers to a review of the adopted CS in 2016, which has not taken place and is long overdue. As set out in 2021 NPPF, reviews should be completed no later than five years from the adoption date of a Plan and take account of changing circumstances affecting the area, or any relevant changes in national policy (para 33). Furthermore, the 2021 NPPF states that to anticipate and respond to long-term requirements and opportunities, strategic policies should look ahead over a minimum period of 15 years from adoption (para 22). The adopted CS end date of 2028/29 is only seven / eight years away.

Policy SCR6 - Sustainable Construction Policy for New Build Residential Development

*Under **Policy SCR6**, new build residential development will aim to achieve zero operational emissions by reducing heat and power demand then supplying all energy demand through onsite renewables. A sustainable construction checklist will demonstrate :-*

- *Space heating demand less than 30kWh/m²/annum ;*
- *Total energy use less than 40kWh/m²/annum ; and*
- *On site renewable energy generation to match the total energy use, with a preference for roof mounted solar PV ;*
- *Connection to a district heating network where available.*

In the case of major residential developments, where the use of onsite renewables to match total energy consumption is demonstrated to be not technically feasible or economically viable, renewable energy generation should be maximised and the residual carbon must be offset by a financial contribution.

Applications for 50 dwellings or more are required to demonstrate that the CIBSE TM59 overheating target has been met in the current climate, and a strategy submitted to show how overheating can be mitigated in the future climate.

Today's new homes are already very energy efficient with lower heating bills for residents in comparison to older existing homes. Energy performance data has shown that 8 out of 10 new build dwellings have an A or B energy efficiency rating, compared to only 3% of existing properties. In November 2019, the average new build buyer in England saved £442.32 every year on heating costs

compared to owners of existing dwellings. Nevertheless, the HBF recognise the need to move towards greater energy efficiency via a nationally consistent set of standards and timetable, which is universally understood and technically implementable. The Government Response to The Future Homes Standard : 2019 Consultation on changes to Part L (conservation of fuel and power) and Part F (ventilation) of the Building Regulations for new dwellings dated January 2021 provides an implementation roadmap for achieving the Government's aim for greater energy efficiency. The Interim Part L (Conservation of fuel & power), Part F (Ventilation) & Overheating Regulations will be regulated for in late 2021 and come into effect in 2022. The 2021 interim uplift will deliver homes that are expected to produce 31% less CO2 emissions compared to current standards. To ensure as many homes as possible are built in line with new energy efficiency standards, transitional arrangements will apply to individual homes rather than an entire development and the transitional period will be one year. This approach will support successful implementation of the 2021 Interim Uplift and the wider implementation timeline for the Future Homes Standard from 2025. The Future Homes Standard will ensure that new homes will produce at least 75% lower CO2 emissions than one built to current energy efficiency requirements. By delivering carbon reductions through the fabric and building services in a home rather than relying on wider carbon offsetting, the Future Homes Standard will ensure new homes have a smaller carbon footprint than any previous Government policy. In addition, this footprint will continue to reduce over time as the electricity grid decarbonises.

It is noted that in its Response to the Future Homes Standard consultation, the Government has confirmed that the Planning and Energy Act 2008 will not be amended, therefore for the moment the Council retains powers to set local energy efficiency standards for new homes. However, the Government has acknowledged the need to clarify the role of Councils in setting energy efficiency requirements for new homes that go beyond the mandatory standards set out in the Building Regulations. The Housing, Communities & Local Government Committee have opened a new inquiry into "Local Government and the path to net zero". The aim of the inquiry is to scrutinise the Government's plans to make all new homes "zero carbon ready" by 2025, through the introduction of the Future Homes Standard, and to explore how Local Government can help the UK to reduce its carbon emissions to "net zero" by 2050. The deadline for the submission of evidence on the role of Councils in determining local energy efficiency standards was 30th April 2021.

The HBF consider that the Council should comply with the Government's intention of setting standards for energy efficiency through the Building Regulations. The key to success is standardisation and avoidance of individual Council's specifying their own policy approach to energy efficiency, which undermines economies of scale for product manufacturers, suppliers and developers. The Council does not need to set its own local energy efficiency standards to achieve the shared net zero goal because of the higher levels of energy efficiency standards for new homes proposed in the 2021 Part L Interim Uplift and the Future Homes Standard 2025.

The HBF support the Government's approach to the Interim Uplift and Future Homes Standard but there are difficulties and risks to housing delivery, which include :-

- the immaturity of the supply chain for the production / installation of heat pumps ; and
- the additional loading to be placed on local electricity networks in combination with Government's proposals for the installation of Electric Vehicle Charging Points (EVCPs) in new homes under changes to Part S of the Building Regulations and the Council's own requirements under **Policy SCR9**.

In autumn 2020, the HBF established a Future Homes Task Force to develop workable solutions for the delivery of the home building industry's contribution to meeting national environmental targets and objectives on Net Zero. Early collaborative work is focussed on tackling the challenges of implementing 2021 and 2025 changes to Building Regulations successfully and cost-effectively as well as providing information, advice and support for Small Medium Enterprises (SMEs) developers and putting the customer at the centre of thinking. On 27 July 2021, the Future Homes Delivery Plan was published (see attached Appendix A : The Future Homes Delivery Plan – Summary of the goals, the shared roadmap & the Future Homes Delivery Hub). To drive and oversee this Plan, a new delivery Hub supported by involvement from the Government will be launched in September 2021. The Hub will help facilitate a sector-wide approach to identifying metrics, more detailed targets (where necessary), methods and innovations to meet the goals and collaborations required with supply chains and other sectors. It will incorporate the needs of all parties including the public and private sector and consumers, so that they can all play their part in delivering environmentally conscious homes that people want to live in.

The HBF note that the Council has provided no evidence specifying the local circumstances in BANES to justify **Policy SCR6**. As set out in the 2021 NPPF, all policies should be underpinned by relevant and up to date evidence, which should be adequate, proportionate and focussed tightly on supporting and justifying the policies concerned (para 31). Furthermore, there is no clarity on the inter-relationship and interaction between the Council's proposals under **Policy SCR6** and the Government's proposals for 2021 Part L Interim Uplift and 2025 Future Homes Standard. It is the HBF's opinion that the Council should comply with the Government's intention of achieving net zero carbon development through the Building Regulations, the Council's proposed policy approach is unnecessary because of the higher levels of energy efficiency standards for new homes proposed in the 2021 Part L Interim Uplift and the Future Homes Standard 2025.

With regards to connection to district heating networks, where available, it is acknowledged that communal heat networks are one aspect of the path towards decarbonising heat, however currently the predominant technology for district-sized communal heating networks is gas combined heat and power

(CHP). As 2050 approaches, meeting the Government's climate target of reducing greenhouse gas emissions to net zero will require a transition from gas-fired networks to renewable or low carbon alternatives such as large heat pumps, hydrogen or waste-heat recovery but at the moment one of the major reasons why heat network projects do not install such technologies is because of the up-front capital cost. The Council should be aware that for the foreseeable future, it will remain uneconomic for most heat networks to install low-carbon technologies.

No doubt the Council is also aware that some heat network consumers do not have comparable levels of satisfaction as consumers on gas and electricity networks, and they pay a higher price. Currently, there are no sector specific protections for heat network consumers, unlike for people on other utilities such as gas, electricity or water. A consumer living in a building serviced by a heat network does not have the same opportunities to switch supplier as they would for most gas and electricity supplies. All heat network domestic consumers should have ready access to information about their heat network, a good quality of service, fair and transparently priced heating and a redress option should things go wrong. Research by the Competition and Markets Authority (CMA) found that a significant proportion of suppliers and managing agents do not provide pre-transaction documents, or what is provided contains limited information, particularly on the on-going costs of heat networks and poor transparency regarding heating bills including their calculation and the consumers limited ability to challenge their heat suppliers reinforces a perception that prices are unjustified. The monopolistic nature of heat networks means that future price regulation is required to protect domestic consumers. The CMA have concluded that *"a statutory framework should be set up that underpins the regulation of all heat networks."* They recommended that *"the regulatory framework should be designed to ensure that all heat network customers are adequately protected. At a minimum, they should be given a comparable level of protection to gas and electricity in the regulated energy sector."* The Department for Business, Energy & Industrial Strategy consultation on Heat Networks : Building A market Framework (ended on 1st June 2020) proposes a regulatory framework that would give Ofgem oversight and enforcement powers across quality of service, provision of information and pricing arrangements for all domestic heat network consumers. These concerns are not addressed in the LPPU.

For the BANES LPPU to be found sound under the four tests of soundness as defined by the 2021 NPPF (para 35), the LPPU must be positively prepared, justified, effective and consistent with national policy. For the reasons outlined above **Policy SCR6** is unsound. Before the LPPU is submitted for examination, the Council should modify or delete **Policy SCR6** and further viability sensitivity testing assessment work should be undertaken.

Policy SCR8 - Embodied Carbon

*Under **Policy SCR8**, large scale new-build developments (a minimum of 50 dwellings) are required to submit an Embodied Carbon Assessment that*

demonstrates a score of less than 900kg/sqm of carbon can be achieved within the development for the substructure, superstructure and finishes.

The Council should not be getting ahead of the strategic policy approach to climate change to be set out in the WoE SDS. From the Council's Zero Carbon Construction Topic Paper, it is understood that the WoE authorities are updating the evidence base to explore the possibility of introducing Whole Life Cycle Carbon Assessments as part of future policy in each authority's new Local Plan (para 4.9).

The Council has provided no justification for the 50 dwellings site threshold. It is understood that the site threshold in the London Plan is 150 dwellings. The Council should not place unduly onerous requirements onto small sites and SME builders. SMEs may not have the in-house resources to undertake Embodied Carbon Assessments. It is important that there is a diverse range of companies operating within the house building industry. One of HBF's key messages is reversing the trend in the decline of small house building companies :-

- today, there are 80% fewer SMEs in the industry in comparison to the early 1090s prior to the introduction of the plan led planning system ;
- in 1988 small builders were responsible for 4 in 10 new build homes compared with only 10% today ;
- in the period 2007-2009, one-third of small companies ceased building homes ;
- returning to the number of house building companies operational in 2007 would boost housing supply by 25,000 homes per year ;
- small sites are consistently efficient in their delivery of new homes across multiple market areas.

For the BANES LPPU to be found sound under the four tests of soundness as defined by the 2021 NPPF (para 35), the LPPU must be positively prepared, justified, effective and consistent with national policy. For the reasons outlined above **Policy SCR8** is unsound. Before the LPPU is submitted for examination, the Council should delete **Policy SCR8** and further viability sensitivity testing assessment work should be undertaken.

Policy SCR9 - Electric vehicles charging infrastructure

*Under **Policy SCR9**, all dwellings with one or more dedicated parking space or garage must provide access to electric vehicle charging infrastructure. Where off street parking is not provided and parking is provided on street within a development proposal, the design and layout of the development should incorporate infrastructure to enable the on-street charging of electric vehicles. Where the costs of providing the necessary capacity in the local electric grid infrastructure connections to support electric vehicle infrastructure are abnormally high the applicant must provide evidence to robustly demonstrate why they are not able to comply with the above policy.*

The HBF recognise that electric vehicles will be part of the solution to transitioning to a low carbon future. As set out in the Department of Transport consultation on Electric Vehicle Charging in Residential & Non-Residential Buildings (ended on 7th October 2019), the Government's preferred option is the introduction of a new requirement for Electric Vehicle Charging Points (EVCPs) under Part S of the Building Regulations. The inclusion of EVCP requirements within the Building Regulations will introduce a standardised consistent approach to EVCPs in new buildings across the country and supersede the Council's policy approach.

The Council's policy approach should be clearer in specifying if access to electric vehicle charging infrastructure is a requirement for a passive cable and duct approach or installation of active EVCPs.

Until the introduction of proposed changes to Part S of the Building Regulations, the HBF consider that the physical installation of active EVCPs is inappropriate. The evolution of automotive technology is moving quickly therefore a passive cable and duct approach is a more sensible and future proofed solution, which negates the potential for obsolete technology being experienced by householders. A passive cable and duct approach means that the householder can later arrange and install a physical EVCP suitable for their vehicle and in line with the latest technologies.

The HBF and its Members have serious concerns about the capacity of the existing electrical network in the UK. The supply from the power grid is already constrained in many areas across the country. Major network reinforcement will be required across the power network to facilitate the introduction of EVCPs and the move from gas to electric heating as proposed under the Future Homes Standard. These costs can be substantial and can drastically affect the viability of developments. If developers are funding the potential future reinforcement of the National Grid network at significant cost, this will have a significant impact on their businesses and potentially jeopardise future housing delivery.

The HBF also note that para 132c states that the Transport and Development Supplementary Planning Document (SPD) will detail parking and charging standards for development. This paragraph should not be interpreted by the Council's Development Management Officers as conveying the weight of a DPD onto this SPD, which has not been subject to examination and does not form part of the Local Plan Partial Update. The Town and Country Planning (Local Planning) (England) Regulations 2012 are clear that development management policies, which are intended to guide the determination of applications for planning permission should be set out in policy in the Local Plan. To ensure a policy is effective, it should be clearly written and unambiguous so it is evident how a decision maker should react to development proposals. The Council's requirements should be set out in sufficient detail to determine a planning application without relying on, other criteria or guidelines set out in a separate SPD. National policy clearly defines the scope and nature of an SPD in the planning process as providing more detailed advice and guidance on adopted Local Plan policies. The NPPG confirms that an SPD

cannot introduce new planning policies nor add unnecessarily to the financial burdens on development (ID: 61-008-20190315).

For the BANES LPPU to be found sound under the four tests of soundness as defined by the 2021 NPPF (para 35), the LPPU must be positively prepared, justified, effective and consistent with national policy. For the reasons above **Policy SCR9** is unsound. Before the LPPU is submitted for examination, the Council should clarify and modify **Policy SCR9** and further viability sensitivity testing assessment work should be undertaken.

Policy NE3a - Biodiversity Net Gain

*Under **Policy NE3a**, development will only be permitted for major developments where a biodiversity net gain of at least 10% is demonstrated and secured in perpetuity (at least 30 years).*

The Council's policy approach to biodiversity net gain should not deviate from the Government's proposals on biodiversity gain as set out in the Environment Bill. This legislation will require development to achieve a 10% net gain for biodiversity. It is the Government's opinion that 10% strikes the right balance between the ambition for development and reversing environmental decline. 10% gain provides certainty in achieving environmental outcomes, deliverability of development and costs for developers. 10% will be a mandatory national requirement, but it is not a cap on the aspirations of developers who want to voluntarily go further. The mandatory requirement offers developers a level playing field nationally and reduced risks of unexpected costs and delays. The HBF also note that the Council's Biodiversity Topic Paper states that an increase in biodiversity net gain above 10% is not appropriate at this stage but may be considered as part of the new Local Plan (para 3.5). Before the BANES LPPU is submitted for examination, the prefix "at least" should be removed from **Policy NE3a**.

The Council's policy approach should also reflect the Government's proposals for a transition period of two years as set out in the Environment Bill. The Government proposes to work with stakeholders on the specifics of this transition period, including accounting for sites with outline planning permission, in order to provide clear and timely guidance on understanding what will be required and when. Before the BANES LPPU is submitted for examination, **Policy NE3a** should be modified to include transitional arrangements.

For the BANES LPPU to be found sound under the four tests of soundness as defined by the 2021 NPPF (para 35), the LPPU must be positively prepared, justified, effective and consistent with national policy. For the reasons outlined above **Policy NE3a** is unsound. Before the LPPU is submitted for examination, the Council should modify **Policy NE3a** and further viability sensitivity testing assessment work should be undertaken.

Policy H7 - Housing Accessibility

*Under **Policy H7**, for affordable housing, 7.8% of dwellings to meet M4(3)(b) and the remainder to meet M4(2) in houses, ground floor flats & upper floor flats (where a lift is installed) and age restricted homes. For market housing, 5.6% of dwellings to be built to M4(3)(a) and 48% of the remainder to M4(2). In exceptional circumstances, factors such as vulnerability to flooding, site topography and where the provision of a lift to dwelling entrances may not be achievable, may determine a reduced requirement.*

If the Council wishes to adopt the optional standards for accessible & adaptable dwellings, then this should only be done in accordance with the 2021 NPPF (para 130f & Footnote 49) and the latest NPPG. Footnote 49 states *“that planning policies for housing should make use of the Government’s optional technical standards for accessible and adaptable housing where this would address an identified need for such properties”*. As set out in the 2021 NPPF, all policies should be underpinned by relevant and up to date evidence which should be adequate, proportionate and focus focussed tightly on supporting and justifying the policies concerned (para 31). A policy requirement for M4(2) and M4(3) dwellings must be justified by credible and robust evidence. The NPPG sets out the evidence necessary to justify a policy requirement for optional standards. The Council should apply the criteria set out in the NPPG (ID 56-005-20150327 to 56-011-20150327).

The Council’s supporting evidence is set out in BANES SHMA Volume II (see pages 30 – 39) dated March 2019 by ORS. This evidence does not justify the Council’s proposed policy requirements for M4(2) and M4(3). This evidence does not identify any local circumstances, which demonstrate that the needs of BANES differ substantially to those across the South West or England (see Figure 23). Indeed, BANES residents are identified as healthier than in England (para 2.73).

It is acknowledged that the population of BANES is going to “age” in the future and for older people care needs become more significant but it is important to note that not all health problems affect a household’s housing needs therefore not all health problems require adaptations to homes. An ageing population affects the whole country and is not an issue specific to BANES. It is likely that other parts of the UK will be impacted by an ageing population to a greater extent. If the Government had intended that evidence of an ageing population alone justified adoption of optional standards, then such standards would have been incorporated as mandatory in the Building Regulations, which is not currently the case. Before the LPPU is submitted for examination, the Council should provide further evidence of its local need.

Many older people already live in BANES and are unlikely to move home. No evidence is presented to suggest that households already housed would be prepared to leave their existing homes to move into new dwellings constructed to M4(2) and / or M4(3) standards. Those who do move may not choose to live in a new dwelling. Recent research by Savills “Delivering New Homes Resiliently” published in October 2020 shows that over 60’s households *“are less inclined to buy a new home than a second-hand one, with only 7% doing*

so". The existing housing stock (circa 82,088 dwellings) is significantly larger than its new build component, therefore adaption of existing stock will form an important part of the solution.

The optional standards should only be introduced on a "need to have" rather than a "nice to have" basis. Need is generally defined as *"requiring something because it is essential or very important rather than just desirable"*. All new homes are built to M4(1) "visitable dwelling" standards. These standards include level approach routes, accessible front door thresholds, wider internal doorway and corridor widths, switches and sockets at accessible heights and downstairs toilet facilities usable by wheelchair users. M4(1) standards are not usually available in the older existing housing stock. These standards benefit less able-bodied occupants and are likely to be suitable for most residents.

The 2021 NPPF confirms that Local Plans should avoid unnecessary duplication (para 16f). The Council's proposed policy approach will become unnecessary if the Government implements proposed changes to Part M of the Building Regulations as set out in the "Raising Accessibility Standards for New Homes" consultation, which closed on 1 December 2020.

The Council is also reminded that the requirement for M4(3) should only be required for dwellings over which the Council has housing nomination rights as set out in the NPPG (ID 56-008-20150327).

For the BANES LPPU to be found sound under the four tests of soundness as defined by the 2021 NPPF (para 35), the LPPU must be positively prepared, justified, effective and consistent with national policy. For the reasons outlined above **Policy H7** is unsound. Before the LPPU is submitted for examination, the Council should modify **Policy H7** and further viability sensitivity testing assessment work should be undertaken.

Viability & Deliverability

In plan-making, viability is inseparable from the deliverability of development. At Examination, viability will be a key issue in determining the soundness of the BANES LPPU. The viability of individual developments and plan policies should be tested at the plan making stage. The Council's viability assessment is set out in LPPU Viability Study dated August 2021 by BNP Paribas Real Estate. As set out in the 2021 NPPF, the contributions expected from development including the level & types of affordable housing provision required and other infrastructure for education, health, transport, flood & water management, open space, digital communication, etc. should be set out (para 34). The HBF understand that the Council does not propose to change any existing adopted Local Plan policies. As well as adopted Local Plan policy requirements, there is an adopted Community Infrastructure Levy (CIL) Charging Schedule. As stated in the 2021 NPPF, development should not be subject to such a scale of obligations that the deliverability of development is threatened (para 34). Viability assessment should not be conducted on the margins of viability especially in the aftermath of uncertainties caused by the Covid-19 pandemic

and Brexit. The aim of the Council's viability assessment is to test the ability of developments to absorb additional costs from policy requirements relating to the LPPU. Without a robust approach to viability assessment, the LPPU will be unsound, land will be withheld from the market and housing delivery targets will not be achieved.

In the Council's Viability Study, ten generic residential typologies, two mixed use schemes and four proposed housing site allocations are tested. Viability assessment is highly sensitive to changes in its inputs whereby an adjustment or an error in any one assumption can have a significant impact. The Council's viability assumptions include :-

- 9 Price Points A – I ranging from sales value of £2,900 per square metre to £6,000 per square metre ;
- BCIS build costs (adjusted for local circumstances) for general flats – median cost of £1,478 per square metre plus 10% external works & general estate housing - median cost of £1,272 per square metre plus 15% external works ;
- 5% contingency ;
- No exceptional / abnormal costs ;
- 4 Benchmark Land Values of £150,000 & £250,000 (for greenfield) and £750,000 & £1,500,000 (for brownfield) per hectare ;
- 30% or 40% affordable housing on sites of 10 or more dwellings as per adopted Policy CP9 ;
- CIL as per adopted Charging Schedule ;
- **Policy SCR6** is tested using the capital cost figures from the '*Cornwall Climate Emergency DPD – Energy review and modelling*' by Currie Brown & Etude dated February 2021 (see para 4.28). In the tested residential scenarios cost uplifts range between 3% (Option A), 5% (Option B) to 6% (Option C) of build costs (see para 4.28). The Council has confirmed that net zero carbon can be achieved in residential developments through Option A at a cost equivalent to 3% of build costs (see para 4.30) ;
- **Policy SCR8** is assumed to be cost neutral (see para 4.10) ;
- £800 per dwelling for electric vehicle charging points (EVCPS) under proposed **Policy SCR9** (see para 4.36) ;
- 0.8% increase to build costs for biodiversity net gain under proposed **Policy NE3a** based on DEFRA Biodiversity Net Gain & Local Nature Recovery Strategies : Impact Assessment Table 19 - Greenfield delivery costs as proportion of build costs ;
- market housing 48% M4(2) & 5.6% M4(3)(a) and affordable housing 92.2% M4(2) & 7.8% M4(3)(b) under proposed **Policy H7** are costed at a percentage of base construction cost for M4(2) of 1.15% for flats / 0.54% for houses, M4(3)(a) of 9.28% for flats / 10.77% for houses and M4(3)(b) 9.47% for flats / 23.8% for houses (see para 4.34, Table 4.34.1 & Appendix 6).

The viability of development should not be over-stated, which would lead to overly ambitious policy requirements. The HBF submit the following comments on the Council's assumptions :-

- The exclusion of any abnormal costs suppresses the impact of policy compliant requirements, which are based on a percentage increase of build costs. The exclusion of all abnormal costs also implies that all abnormal costs should be fully deducted from the assumed BLV. The reduction of BLV to account for site-specific abnormal costs is only valid where that reduction maintains a sufficient incentive for the landowner to sell as required by the NPPG (ID 10-013-20190509), which states that the BLV should reflect the minimum return at which it is considered a reasonable landowner would be willing to sell their land. The NPPG confirms that the premium above the Existing Use Value (EUV) should provide a reasonable incentive for the landowner to sell. Whilst the NPPG (ID 10-014-20190509) requires the BLV to reflect the implication of abnormal costs and site-specific infrastructure costs, this reflection is not equitable to full deduction because this may result in insufficient incentive for a landowner to sell, which will stagnate land supply as landowners will not bring land forward for development. The HBF acknowledge that BLV should reflect the implications of abnormal costs in accordance with NPPG, however, there is a tipping point beyond which the land value cannot fall as the landowner will not be sufficiently incentivised to release their site for development ;
- The Environment Bill will require development to achieve a mandatory 10% net gain for biodiversity. **Policy NE3a** states “at least” therefore biodiversity net gain of more than 10% may be sought, which would increase costs. There are significant additional costs associated with biodiversity gain. Table 19 is based on central estimate and the now somewhat historic 2017 prices, which should be increased to reflect inflationary costs increases between 2017 – 2021. There are significant cost increases for off-site delivery under Scenario C. There may also be an impact on the ratio of gross to net site acreage. The Government has confirmed that more work needs to be undertaken to address viability concerns raised by the housebuilding industry in order that biodiversity net gain does not prevent, delay or reduce housing delivery. The impact of cost increases associated with biodiversity net gain on viability should be assessed by further sensitivity testing ;
- **Policy SCR6** no evidence is provided to substantiate the Council's claim that net zero carbon can be achieved in residential developments through Option A at a cost equivalent to 3% of build costs. Analysis in the Currie Brown & Etude Study concluded that to achieve net zero regulated carbon emissions from a combination of energy efficiency on site carbon reductions and allowable solutions, the additional capital cost is between 5 - 7% for homes. To achieve net zero regulated and unregulated emissions, the likely cost impact is between 7 - 11% for homes. The Council's Viability Study lacks clarity about the inclusion of costs in full. The Currie Brown & Etude uplift in costs of 2.8% is from a

baseline Part L 2021 (see para 4.28), which implies that the baseline build cost includes additional costs for the 2021 Part L Interim Uplift plus 2.8%. Whereas in the Council's Viability Study, there is no inclusion of costs for 2021 Part L Interim Uplift estimated at a cost of £4,847 per dwelling by the Government in The Future Homes Standard : 2019 Consultation on changes to Part L (conservation of fuel and power) & Part F (ventilation) of the Building Regulations for New Dwellings. It is also noted that Cornwall Council's Sustainable Energy & Construction Topic Paper dated February 2021, which accompanied the Cornwall Climate Emergency DPD pre-submission consultation, identified that further work and supporting evidence were needed to justify proposals including further viability testing work to understand impacts ;

- The Council's Viability Study excludes any additional costs associated with connection to district heating networks as required by **Policy SCR6**, which may be significant ;
- The Council has provided no evidence that **Policy SCR8** is cost neutral. The cost of producing an Embodied Carbon Assessment should be included in the Council's Viability Study ;
- The Council's Viability Study includes a cost of only £800 per dwelling for an active EVCP and all necessary infrastructure within a development based on South Gloucestershire Council's evidence Introducing Planning Policy for Electric Vehicles in New Development by Cenex / Systra 2019 (para 4.36). This study is absent from the Council's supporting evidence base. The Department for Transport - Electric Vehicle Charging in Residential & Non-Residential Buildings consultation estimated a cost of £1,000 per EVCP and an automatically levied capped figure of £3,600 on developers for upgrading local electricity networks. An explanation of the difference in cost assumptions should be provided by the Council ; and
- Under **Policy H7**, the Council's assumptions are based on the DCLG cost estimates for M4(2) and M4(3) from 2015, which are somewhat out of date and less than alternative estimates. The Government's consultation "Raising Accessibility Standards for New Homes" (ended on 1st December 2020) estimates the additional cost per new dwelling, which would not already meet M4(2), is approximately £1,400. It is also noted that M4(2) and M4(3) compliant dwellings are larger than NDSS (see DCLG Housing Standards Review Illustrative Technical Standards Developed by the Working Groups August 2013), therefore larger sizes should be used when calculating additional build costs for M4(2) / M4(3) and any other input based on square meterage except sales values, which are unlikely to generate additional value for enlarged sizes.

The Council's Viability Study concludes that the impact of additional costs varies between development typologies and locations across BANES as shown in cumulative impact Tables 6.24.1 – 6.24.9. Where viability is marginal and in lower value areas, development is not able to meet the proposed requirements of LPPU and full compliance with adopted policy requirements including

affordable housing. There will be trade-offs between other policy requirements and / or affordable housing to compensate for proposed policy requirements of LPPU. In higher value areas, the trade-off required is likely to be less significant. There are situations where the cumulative impact of LPPU policy requirements will tip the balance from 'viable' to 'unviable'. Viability is challenging in lower value areas (Price Points A – D) at 30% affordable housing provision (see Tables 6.24.6 – 6.24.9). A flexible policy approach will be necessary including a relaxation of proposed policy requirements.

Before the LPPU is submitted for examination, the Council should undertake further viability assessment work to sensitivity test assumptions as outlined above. The Council should also clarify the proportion of its residual Housing Land Supply (HLS) by generic typology, Value Area location and greenfield / brownfield status to properly assess the impact of proposed LPPU policies on housing delivery. Most sites should be deliverable at planning application stage without further viability assessment negotiations. Viability negotiations should occur occasionally rather than routinely. Trade-offs between policy requirements, affordable housing and infrastructure provision should not be necessary. However, if the viability of sites is overstated, policy requirements will be set at unrealistic levels. Landowners and developers will have to submit site-specific assessments to challenge assumptions in the Council's Viability Study. Such negotiations at planning application stage causes uncertainty for both the Council and developers, which may result in significant delay to housing delivery or even non-delivery.

Housing Land Supply (HLS)

Strategic policies should ensure the availability of a sufficient supply of deliverable and developable land to meet the housing requirement, ensure the maintenance of 5 Years Housing Land Supply (YHLS) and achieve Housing Delivery Test (HDT) performance measurements.

By the end of the plan period in 2028/29, the Council anticipates a shortfall of circa 1,100 dwellings against its adopted housing requirement of 722 dwellings per annum (see para 3.6 of Housing Supply Topic Paper). The Council expects that a combination of densification of existing brownfield allocations (**Policies SB7, SB8, SB14, SB18, KE2b & SSV22**) and new brownfield allocations (**Policies SB24, SB25, KE5 & SSV21**) will bring forward an additional 920 dwellings. The allocation of safeguarded greenfield land at Keynsham (**Policies KE3c & KE3d**) will also yield a further 280 dwellings.

The soundness of the Council's HLS will be tested in due course at the LPPU Examination. The HBF would not wish to comment on individual sites and our responses are submitted without prejudice to any comments made by other parties. At present, there is limited information available from which to assess the robustness of the Council's proposals for the densification of brownfield sites. The Council should set out in detail its assessment of the capacity of allocated and proposed brownfield sites. The Council should robustly evidence that the proposed number of dwellings can be accommodated without reverting

to an overly ambitious intensification of site densities. Furthermore, the deliverability of residential development in these locations will be dependent upon the viability of previously developed land and the demand for high density urban living post Covid-19 pandemic. It is critical that the Council's assumptions are supported by parties responsible for delivery of housing.

Conclusion

For the BANES LPPU to be found sound under the four tests of soundness as defined by the 2021 NPPF (para 35), the LPPU must be positively prepared, justified, effective and consistent with national policy. For the reasons set out above **Policies SCR6, SCR8, SCR9, NE3a and H7** are unsound. It is hoped that these representations are of assistance to the Council. In the meantime, if any further information or assistance is required, please contact the undersigned.

Yours faithfully
for and on behalf of **HBF**



Susan E Green MRTPI
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